

MONTANA LEGISLATIVE HISTORY

Chapter 128 19 89

Bill H _____ S 3 Original bill & history / c

H. Committee on Natural Resources

Hearing Date(s) Mar 03 ✓ c

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Date Out Mar 04 ✓ c

S. Committee on Natural Resources

Hearing Date(s) Jan 11 ✓ c

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Jan 12 ✓ c

Did this bill originate in an interim committee? ____ Yes ____ No

Committee _____

Report _____

SENATE FINAL STATUS

SB 1 INTRODUCED BY ANDERSON, JR.
 PROVIDE FOR UNIFORM TAXATION OF COAL ROYALTIES
 BY REQUEST OF COAL TAX OVERSIGHT COMMITTEE

1/02	REFERRED TO TAXATION		
1/02	INTRODUCED		
1/03	FISCAL NOTE REQUESTED		
1/09	FISCAL NOTE RECEIVED		
1/10	FISCAL NOTE PRINTED		
1/12	HEARING		
1/25	COMMITTEE REPORT--BILL PASSED		
1/27	2ND READING PASSED	44	5
1/30	3RD READING PASSED	45	4
	TRANSMITTED TO HOUSE		
2/21	REFERRED TO TAXATION		
2/28	HEARING		
	DIED IN COMMITTEE		

SB 2 INTRODUCED BY CRIPPEN
 ALLOW TAX INCREASE WHEN THERE IS DECREASE IN TAX
 VALUE FROM 1986 TAX YEAR
 BY REQUEST OF REVENUE OVERSIGHT COMMITTEE

1/02	REFERRED TO TAXATION		
1/02	INTRODUCED		
1/03	FISCAL NOTE REQUESTED		
1/10	FISCAL NOTE RECEIVED		
1/11	HEARING		
1/11	FISCAL NOTE PRINTED		
2/17	COMMITTEE REPORT--BILL PASSED AS AMENDED		
2/20	2ND READING PASSED	50	0
2/21	3RD READING PASSED	48	2
	TRANSMITTED TO HOUSE		
2/22	REFERRED TO TAXATION		
3/09	HEARING		
3/10	TABLED IN COMMITTEE		

SB 3 INTRODUCED BY MAZUREK
 CHANGE TAX REPORT FILING REQUIREMENT FOR LICENSE TAX
 ON METAL MINES AND THE RESOURCE INDEMNITY
 TRUST TAX FROM QUARTERLY TO ANNUALLY
 BY REQUEST OF DEPARTMENT OF REVENUE

1/02	REFERRED TO NATURAL RESOURCES		
1/02	INTRODUCED		
1/03	FISCAL NOTE REQUESTED		
1/09	FISCAL NOTE RECEIVED		
1/11	FISCAL NOTE PRINTED		
1/11	HEARING		
1/13	COMMITTEE REPORT--BILL PASSED AS AMENDED		
1/16	2ND READING PASSED	48	0
1/18	3RD READING PASSED	48	0
	TRANSMITTED TO HOUSE		
2/21	REFERRED TO NATURAL RESOURCES		
3/03	HEARING		
3/04	COMMITTEE REPORT--BILL CONCURRED		
3/06	2ND READING CONCURRED	92	2

RETURNED TO SENATE
 3/13 SIGNED BY PRESIDENT
 3/14 SIGNED BY SPEAKER
 3/15 TRANSMITTED TO GOVERNOR
 3/18 SIGNED BY GOVERNOR
 CHAPTER NUMBER 128 EFFECTIVE DATE: 10/01/89

SB 4

INTRODUCED BY HAGER
 DEFINE "BULK STORAGE" OF SPECIAL FUEL
 BY REQUEST OF DEPARTMENT OF REVENUE

1/03 REFERRED TO BUSINESS & INDUSTRY
 1/03 INTRODUCED
 1/09 HEARING
 1/12 COMMITTEE REPORT--BILL PASSED AS AMENDED
 1/14 2ND READING PASSED 48 0
 1/17 3RD READING PASSED 48 2

TRANSMITTED TO HOUSE
 2/21 REFERRED TO BUSINESS & ECONOMIC DEVELOPMENT
 2/28 HEARING
 2/28 COMMITTEE REPORT--BILL NOT CONCURRED
 3/01 ADVERSE COMMITTEE REPORT ADOPTED 84 10

SB 5

INTRODUCED BY DEVLIN
 PROVIDE FOR CONTINUOUS LICENSE FOR OTHER THAN
 LICENSED GASOLINE DISTRIBUTORS
 BY REQUEST OF DEPARTMENT OF REVENUE

1/03 REFERRED TO BUSINESS & INDUSTRY
 1/03 FISCAL NOTE REQUESTED
 1/03 INTRODUCED
 1/09 HEARING
 1/09 FISCAL NOTE RECEIVED
 1/09 COMMITTEE REPORT--BILL PASSED AS AMENDED
 1/09 FISCAL NOTE PRINTED
 1/11 2ND READING PASSED 48 0
 1/13 3RD READING PASSED 50 0

TRANSMITTED TO HOUSE
 2/21 REFERRED TO BUSINESS & ECONOMIC DEVELOPMENT
 2/28 HEARING
 3/07 COMMITTEE REPORT--BILL CONCURRED
 3/08 2ND READING CONCURRED 89 0
 3/09 3RD READING CONCURRED 93 0

RETURNED TO SENATE
 3/15 SIGNED BY PRESIDENT
 3/15 SIGNED BY SPEAKER
 3/16 TRANSMITTED TO GOVERNOR
 3/21 SIGNED BY GOVERNOR
 CHAPTER NUMBER 205 EFFECTIVE DATE: 7/01/89

SB 6

INTRODUCED BY BISHOP
 REMOVE PENALTY FOR CERTAIN GAME TAG VIOLATIONS
 DISCOVERED AT CHECK STATIONS

1/02 INTRODUCED

IN THE SENATE

MARCH 8, 1989

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

SENATE BILL NO. 3

INTRODUCED BY MAZUREK

BY REQUEST OF THE DEPARTMENT OF REVENUE

IN THE SENATE

JANUARY 3, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON NATURAL RESOURCES.
	FIRST READING.
JANUARY 13, 1989	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
JANUARY 14, 1989	PRINTING REPORT.
JANUARY 16, 1989	SECOND READING, DO PASS.
JANUARY 17, 1989	ENGROSSING REPORT.
JANUARY 18, 1989	THIRD READING, PASSED. AYES, 48; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

JANUARY 18, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON NATURAL RESOURCES.
FEBRUARY 20, 1989	FIRST READING.
MARCH 4, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 6, 1989	SECOND READING, CONCURRED IN.
MARCH 7, 1989	THIRD READING, CONCURRED IN. AYES, 91; NOES, 2.
	RETURNED TO SENATE.

SENATE BILL NO. 3

INTRODUCED BY MAZUREK

BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT TO CHANGE THE TAX REPORT FILING REQUIREMENT FOR THE LICENSE TAX ON METAL MINES AND THE RESOURCE INDEMNITY TRUST TAX FROM QUARTERLY TO ANNUALLY; TO INCREASE THE PENALTY PROVISIONS; TO CHANGE THE DATE FOR PAYMENT OF THE TAXES; AMENDING SECTIONS 15-37-102, 15-37-104 THROUGH 15-37-106, 15-37-108, AND 15-38-105 THROUGH 15-38-107, MCA; AND PROVIDING A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-37-102, MCA, is amended to read:

"15-37-102. Gross value of metal mine yield -- computation. The "quarterly annual reporting date", as used in this part, means the last day of the calendar quarter year. The "quarterly annual gross value of product", as used in this part, means the market value of all merchantable metals or precious and semiprecious gems and stones extracted or produced each calendar quarter year from any mine or mining property in the state or recovered from the smelting, milling, reduction, or treatment in any manner of ores extracted from any such mine or mining property or from

tailings resulting from the smelting, reduction, or treatment of any such ores. Whenever the ores require smelting, reduction, or treatment to ascertain the metal contents of such ores, the quarterly annual gross value of the product thereof shall be determined by taking the market value of all merchantable metals or mineral products extracted or recovered thereby as shown by the gross smelter returns of such metals or mineral product in dollars and cents without any deductions for costs of smelting, reduction, or treatment or otherwise, based upon the average quotations of the price of such metals or mineral products in the city of New York, as evidenced by some established authority or market report, giving the market reports during the calendar quarter year for which a report is being made. Should there be no quotation covering any particular product, the department of revenue shall fix the value of such gross product or such portion thereof in such a manner as may seem equitable."

Section 2. Section 15-37-104, MCA, is amended to read:

"15-37-104. Mine operator's statement of gross value -- reports and sampling. (1) Every person engaged in or carrying on the business of working or operating any mine or mining property in this state from which gold, silver, copper, lead, or any other metal or metals, precious or semiprecious gems or stones are produced must, not later

1 than 60-days March 31 following the quarterly-reporting-date
 2 end of each quarter calendar year when engaged in or
 3 carrying on any such business, work, or operation, make out
 4 a statement of the gross value of product from all mines and
 5 mining properties worked or operated by such person during
 6 the calendar quarter year immediately preceding. If good
 7 cause is shown, the department may grant a reasonable
 8 extension of the time for filing statements. The statement
 9 shall be in the form prescribed by the department of revenue
 10 and shall show the following:

11 (a) the name, address, and telephone number of the
 12 owner, lessee, or operator of the mine or mining property;

13 (b) the mine's location by county and legal
 14 description;

15 (c) the number of tons of ore, concentrate, or other
 16 mineral products or deposits extracted from the mine or
 17 mining property during the period covered by the statement;

18 (d) the name and location of the smelter, mill, or
 19 reduction works to which such ore or concentrate has been
 20 shipped or sold during the period covered by the statement
 21 and such other information as the department may require;

22 (e) the gross yield of such ores, concentrates,
 23 mineral products, or deposits in constituents of commercial
 24 value, that is to say, the number of ounces of gold or
 25 silver, pounds of copper, lead, or zinc, or other

1 commercially valuable constituents of said ores,
 2 concentrates, or mineral products or deposits, measured by
 3 standard units of measurement, during the period covered by
 4 the statement;

5 (f) the quarterly annual gross value of product in
 6 dollars and cents.

7 (2) This section applies regardless of the location of
 8 any smelter, mill, or reduction works to which the ore or
 9 concentrate is shipped.

10 (3) Any sampling, testing, or assaying made necessary
 11 to comply with this section must be completed within this
 12 state and prior to any mixture of the ore or concentrate to
 13 be assayed with ore or concentrate from any other mine or
 14 mining property.

15 (4) If the quarterly annual statement of gross value
 16 described herein is not filed with the department ~~within--60~~
 17 days by March 31 following the calendar quarter-ending
 18 yearend, a penalty shall be assessed. The penalty shall be
 19 the greater of \$25 or ~~2%~~ 10% of the tax ~~that-would-be~~ due
 20 under this part ~~if-collected-quarterly~~. If good cause is
 21 shown, the department may waive the penalty."

22 **Section 3.** Section 15-37-105, MCA, is amended to read:

23 "15-37-105. Computation and payment of tax. (1) The
 24 tax due under this part is computed according to 15-37-103
 25 and is due and payable on or before March ~~1~~ 31 of each year

1 for the products produced in the preceding calendar year.
 2 The tax due under this part becomes delinquent as of
 3 midnight on March 1 31 of the year immediately following the
 4 production year. If good cause is shown, the department may
 5 grant a reasonable extension of time for payment of the tax.
 6 During the period of any extension granted, the tax due
 7 bears interest at a rate of 1% a month or any part thereof.

8 (2) If any such person has sold or otherwise disposed
 9 of any of its mine's products at a price substantially below
 10 the true market price of such product at the time and place
 11 of such sale or disposal, then the department shall compute
 12 the gross value of such portion of said mine's product so
 13 sold or disposed of substantially below the market price as
 14 aforesaid, which gross value shall be based upon the
 15 quotations of the price of such mine's product in New York
 16 City at the time such portion of the product was so sold or
 17 otherwise disposed of as evidenced by some established
 18 authority or market report, such as the Engineering and
 19 Mining Journal of New York, or some other standard
 20 publication, giving the market reports for the year covered
 21 by such statement. Should there be no quotation covering any
 22 particular product, then the department shall fix the value
 23 of such gross product or such portion thereof as shall have
 24 been sold or otherwise disposed of at a price substantially
 25 below the true market price at the time and place of such

1 sale or disposal in such a manner as may seem to be
 2 equitable."

3 **Section 4.** Section 15-37-106, MCA, is amended to read:

4 "15-37-106. Procedure in case of failure to file
 5 statements. If any person shall fail, refuse, or neglect to
 6 make and file ~~all the~~ required ~~quarterly--statements~~ annual
 7 statement of gross yield for a production year on or before
 8 March 1 31 of the year immediately following the production
 9 year, the department of revenue shall, immediately after
 10 such time has expired, ascertain and determine as nearly as
 11 may be possible from any returns or reports filed with any
 12 state or county officer or board under any law of this state
 13 and from any other information which the department may be
 14 able to obtain the total gross value of product of such
 15 person from such business during the calendar year
 16 immediately preceding the year in which the license tax is
 17 to be paid and shall make and file a statement showing the
 18 amount of such gross value of product and shall ascertain,
 19 determine, compute, and assess the amount of the license
 20 taxes due from and to be paid by such person and shall
 21 immediately give notice to such person in the same manner
 22 as though such statement had been filed within time and
 23 shall proceed to collect such license tax, adding thereto
 24 and collecting therewith if the same is delinquent the same
 25 penalty and interest as provided for herein for other

delinquencies."

Section 5. Section 15-37-108, MCA, is amended to read:

"15-37-108. Delinquent taxes -- penalty. All license taxes assessed under the provisions of this part shall become delinquent if not paid on or before midnight of March ± 31 of the year immediately following the production year. The department shall add to the amount of delinquent metalliferous mines tax a penalty of 8% 10%. The whole amount of license tax, together with penalty, shall bear interest at the rate of 1% per month or fraction thereof. Interest shall be computed from the date the tax becomes delinquent until it is paid. The department may waive the 8% 10% penalty if it determines that a reasonable cause exists for failure to pay the tax on or before March ± 31 of the year immediately following the production year."

Section 6. Section 15-38-105, MCA, is amended to read:

"15-38-105. Report of gross yield from mines. A person who engages in or carries on the business of mining, extracting, or producing a mineral from any quartz vein or lode, placer claim, dump or tailings, or other place or source shall ~~make-out-a-quarterly~~ file an annual statement of gross yield of the mineral from each mine owned or worked by that person during the quarter calendar year. This form shall be in the form prescribed by the department and shall be signed by the person or the manager, superintendent,

agent, president, or vice-president of the corporation, association, or partnership, if any, and shall be delivered to the department on or before ~~the--60th--day~~ March 31 following the end of the calendar quarter year. The statement shall show the following:

(1) the name and address of the owner or lessee or operator of the mine;

(2) the description and location of the mine;

(3) the quantity of minerals extracted, produced, and treated or sold from the mine during the period covered by the statement;

(4) the amount and character of the mineral and the total yield of the mineral from the mine in constituents of commercial value; that is to say, the number of ounces of gold or silver, pounds of copper or lead, tons of coal, barrels of petroleum or other crude or mineral oil, cubic feet of natural gas, or other commercially valuable constituents of the ores or mineral products or deposits yielded to the person engaged in mining measured by standard units of measurement;

(5) the gross yield or value in dollars and cents."

Section 7. Section 15-38-106, MCA, is amended to read:

"15-38-106. Payment of tax -- records -- collection of taxes -- refunds. (1) The tax imposed by this chapter shall be paid by each person to which the tax applies, on or

1 before March ~~1~~ 31, on the value of product in the year
 2 preceding January 1 of the year in which the tax is paid.
 3 The tax shall be paid to the department at the time the
 4 statement of yield for the ~~last-calendar-quarter~~ preceding
 5 calendar year is filed with the department.

6 (2) The department shall deposit the proceeds of the
 7 tax in the resource indemnity trust fund of the
 8 nonexpendable trust fund type. Every person to whom the tax
 9 applies shall keep records in accordance with 15-38-105, and
 10 the records are subject to inspection by the department upon
 11 reasonable notice during normal business hours.

12 (3) The department shall examine ~~each--of~~ the four
 13 ~~quarterly--statements~~ statement and compute the taxes
 14 thereon, and the amount computed by the department shall be
 15 the taxes imposed, assessed against, and payable by the
 16 taxpayer. If the tax found to be due is greater than the
 17 amount paid, the excess shall be paid by the taxpayer to the
 18 department within 30 days after written notice of the amount
 19 of deficiency is mailed by the department to the taxpayer.
 20 If the tax imposed is less than the amount paid, the
 21 difference must be applied as a tax credit against tax
 22 liability for subsequent years or refunded if requested by
 23 the taxpayer."

24 **Section 8.** Section 15-38-107, MCA, is amended to read:

25 "15-38-107. Procedure in case of failure to file

1 statement. (1) If any person fails, refuses, or neglects to
 2 make and file a statement and return it within the time
 3 prescribed, the department shall immediately after such time
 4 has expired determine, as nearly as may be possible from any
 5 returns or reports filed with the state or from any other
 6 information which the department may be able to obtain, the
 7 gross yield of the mineral of such person from such business
 8 during the calendar quarter year immediately preceding the
 9 quarter year in which the statement is to be filed and shall
 10 fix the amount of the tax ~~that-would-be~~ due to the state if
 11 ~~the--tax-were-paid-on-a-quarterly-basis~~ from such person for
 12 such calendar quarter year and shall add to the amount of
 13 such tax a penalty of \$25 or 2% 10%, whichever is greater.

14 (2) If any person fails, refuses, or neglects to pay
 15 the tax when due, the department shall immediately
 16 determine, as nearly as may be possible from any information
 17 which the department may be able to obtain, the total gross
 18 value of product of the person from the business during the
 19 year for which the tax is due and shall fix the amount of
 20 tax due to the state and shall add to the amount a penalty
 21 of ~~8%~~ 10% plus interest at the rate of 1% a month or
 22 fraction thereof computed on the total amount of tax and
 23 penalty. Interest shall be computed from the date the tax
 24 was due to the date of payment.

25 (3) The department shall mail to the person failing to

1 file ~~a-quarterly~~ an annual statement or pay any tax a letter
2 setting forth the amount of tax, penalty, and interest due.
3 The letter shall advise that if payment is not received, a
4 warrant for distraint may be filed.

5 (4) Penalties may be waived by the department if
6 reasonable cause for the failure and neglect to file the
7 statement required by 15-38-105 or the failure to pay the
8 tax required by 15-38-106 is provided to the department."

9 **Section 9. Extension of authority.** Any existing
10 authority to make rules on the subject of the provisions of
11 [this act] is extended to the provisions of [this act].

12 **Section 10. Retroactive applicability.** [Sections 1
13 through 3] apply retroactively, within the meaning of
14 1-2-109, to all taxable periods beginning after December 31,
15 1988.

-End-

In compliance with a written request, there is hereby submitted a Fiscal Note for SB003, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to change the tax report filing requirement for the license tax on metal mines and the resource indemnity trust tax from quarterly to annually; to increase the penalty provisions; to change the date for payment of the taxes; and providing a retroactive applicability date.

ASSUMPTIONS:

1. RITT revenue is projected to be \$4.584 million in FY90 and \$4.324 in FY91.(REAC)
2. RITT revenue from Metal Mines is projected to be \$1.362 million in FY90 and \$1.285 million in FY91. (REAC)
3. Short term interest rates are projected to be 7.30% in FY90 and 6.95% in FY91.(REAC)
4. Current law RITT interest projections are \$6.859 million for FY90 and \$7.244 million for FY91.(REAC)
5. Delaying the receipt of RITT tax revenue for one month at .61% per month in FY90 and .58% per month in FY91 will decrease interest earnings on RITT by \$28,000 in FY90 and by \$25,000 in FY91.
6. No impact on Department expenditures.

FISCAL IMPACT:Revenue Impact:

	FY '90		
	Current Law	Proposed Law	Difference
RITT Interest	\$6,859,000	\$6,831,000	(\$28,000)

	FY '91		
	Current Law	Proposed Law	Difference
	\$7,244,000	\$7,219,000	(\$25,000)

Ray Shackleford 1/7/89
RAY SHACKLEFORD, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

JOSEPH P. MAZUREK, PRIMARY SPONSOR DATE

Fiscal Note for SB003, as introduced

SB 3

SENATE COMMITTEE ON NATURAL RESOURCES

January 11, 1989

Page 1 of 4

MINUTES

MONTANA SENATE

51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON NATURAL RESOURCES

Call to Order: By Senator Thomas F. Keating, on January 11, 1989, at 1 pm in Room 405 of the Capitol.

ROLL CALL

Members Present: Thomas F. Keating, Larry Tveit, Fred VanValkenburg, Loren Jenkins, Darryl Meyer, Lawrence Stimatz, Pete Story, Bill Yellowtail, Cecil Weeding, Dorothy Eck, Jerry Noble.

Members Excused: Elmer Severson

Members Absent: none

Staff Present: Bob Thompson and Helen McDonald

HEARING ON SENATE BILL 3

Presentation and Opening Statement by Sponsor: Senator Joe Mazurek, District 23, sponsored SB 3, by request of the Department of Revenue, to change the tax report filing requirement for the license tax on metal mines and the resource indemnity trust tax from quarterly to annually; to increase the penalty provisions and to change the date for payment of the taxes. Senator Mazurek handed out the fiscal note which came as part of this package. When the oversight committee looked at it, they indicated there would be no fiscal impact on this bill. When the actual fiscal note was prepared at the start of the session it indicated a slight decrease in revenue collections of \$25,000 so Senator Mazurek didn't sign it because he didn't think it was correct. He knew when the department drafted this bill, that they anticipated it would have no fiscal

impact. The only purpose of the bill is to change the tax report filing requirement for metal mines license and other resource indemnity taxpayers. Under current law they pay the tax annually but are required to report quarterly. At one point the legislature had considered requiring these taxes to be paid quarterly. However, that change did not occur and now quarterly returns requiring quarterly estimates are required and this is a burden on them because there is no reason for them to file quarterly. Senator Mazurek proposed an amendment to be drafted by the department. On page 8 line 4, metal producers would be required to file their reports on or before the 60th day following the end of the calendar year. This change is desired because they don't always get their returns from the smelters in time to file reports by the deadline in the bill. Senator Mazurek said this amendment has been worked out between the department and the metals producers.

List of Testifying Proponents and What Group they Represent:

Ward Shanahan representing Montana Mining Association.
Rich Marble, Bureau Chief, Natural Resource and Corporation Tax Division.
John Fitzpatrick, Pegasus Gold Corporation.

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Ward Shanahan representing the Montana Mining Association supports the bill with the amendment.

Rich Marble, Bureau Chief, Natural Resource and Corporation Tax Division, Department of Revenue. The 30-day extension is necessary because we were finding during audits that metals producers do not have the information from the smelters and refineries by the tax return due date. Currently producers are estimating the balance from the last shipments made during the reporting time period and then making adjustments by filing amended returns when the information becomes available. This bill will enable producers to file an accurate tax return the first time without the need for further adjustment to correct estimates. Also, the title of the bill talks about increasing the penalty from 8 to 10% for failure to file the tax due on time. This bill proposes to return to the tax rate that was in place when these taxes were originally filed annually. The 10% rate is also the rate currently

charged on the other mineral production taxes such as the coal tax, gypsum producers tax, etc. When the taxes were changed from annual to quarterly the penalty rate was amendment at 2% per quarter instead of 2 1/2% and the annual rate of 8% rather than 10%. The amendments proposed by this bill will eliminate the extra work now required for taxpayers to file. Mr. Marble thinks the bill is in the best interests of both mineral producers and the department. (Exhibit 1)

John Fitzpatrick, Pegasus Gold Corporation, supports the bill and the amendment. It will assist the mineral producers with the preparation of taxes.

Closing by Sponsor: Senator Mazurek closed the hearing on SB3.

DISPOSITION OF HOUSE BILL 3

Amendments and Votes: Senator VanValkenburg moved that SB3 DO PASS AS AMENDED. All members present voted "yes." None were opposed. There is no impact so in fact it would be a negative fiscal impact because it's less paper work and doesn't change the rate, just the reporting.

HEARING ON SENATE BILL 29

Presentation and Opening Statement by Sponsor: Senator Gage introduced SB 29 upon request of the Department of Natural Resources and Conservation, noting that SB 29 is a very short bill. On page 2, line 11, regulating the plugging and abandonment of seismic shot holes by rule making, it is Senator Gage's understanding the Board of Oil and Gas Conservation has done this sometime ago, but it is not clear in statute that they it has authority. This bill makes it clearer that board has that authority.

List of Testifying Proponents and What Group they Represent:

Dee Rickman, Executive Secretary, Board of Oil & Gas,
Natural Resources.

List of Testifying Opponents and What Group They Represent:

None

Testimony:

Dee Rickman, Executive Secretary, Board of Oil & Gas,
Natural Resources. Mr. Rickman said this bill is merely a housekeeping measure to clarify the board's

ROLL CALL

NATURAL RESOURCES

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date 11-89

NAME	PRESENT	ABSENT	EXCUSED
Chairman Tom Keating	✓		
Vice-Chairman Larry Tveit	✓		
Senator Fred VanValkenburg	✓		
Senator Loren Jenkins	✓		
Senator Darryl Meyer	✓		
Senator Lawrence Stimatz	✓		
Senator Pete Story	✓		
Senator Bill Yellowtail	✓		
Senator Elmer Severson			✓
Senator Cecil Weeding	✓	✓	
Senator Dorothy Eck	✓		
Senator Jerry Noble	✓		

Each day attach to minutes.

Department of Revenue Testimony on Senate Bill # 3

The Department of Revenue is proposing this bill to change the filing of tax returns for the Metalliferous Mines License Tax and the Resource Indemnity Trust Tax (RITT) from quarterly to annual. The bill also extends the due dates on both taxes 30 days to March 31 of the year following the production year for metals producers.

While current statute requires quarterly filing, it requires annual payment with the fourth quarter tax return. Consequently the fiscal impact of this change is less than would be expected. The cost that will be incurred results from extending the due dates for payment 30 days for metal producers.

We are requesting the 30 day filing extension because we are finding during our audits that metals producers do not have all the settlement information from the smelters and refineries in time to file the tax returns by the current due date. Currently producers are estimating recovered amounts for the last shipments made during the reporting period and then making adjustments on subsequent tax returns or filing amended returns when final settlement data is available. This bill will enable producers in all instances to file an accurate tax return the first time without the need for further adjustment to correct estimates.

Concerning the penalty increase from 8% to 10% for failure to file and pay the tax due on time. This bill proposes to return penalty rates to those that were in place when these taxes were originally filed annually. The 10% rate is also the rate currently charged on the other mineral production taxes such as oil and gas severance, coal severance, cement and gypsum taxes, etc.. When the taxes were changed from annual to quarterly filing the penalty rate was amended to 2% per quarter instead of 2.5% per quarter which made the annual rate 8% instead

Ex. #1

1-11-89

SB 3

of 10%.

Revising these statutes as proposed by this bill will eliminate the worthless paperwork now required for taxpayer's to file, what amounts to an estimated return, each quarter. This bill is in the best interests of both the mineral producers and the department and we request your support.

1-11-89

Proposed Amendment to Senate Bill 3

Purpose: To extend the Resource Indemnity Trust Tax filing date 30 days to March 31 for metals producers only consistent with the proposed filing date for the Metalliferous Mines License Tax. All other mineral producers would continue to file tax returns 60 days after year end.

Amendment:

Page 8, line 4.

Following: "year"

Insert: "by metals producers and on or before the 60th day following the end of the calendar year by all other mineral producers including producers of oil and gas"

DATE: 1-11-89

COMMITTEE ON NATURAL RESOURCES

VISITORS' REGISTER

[illegible]

STANDING COMMITTEE REPORT

January 12, 1989

MR. PRESIDENT:

We, your committee on Natural Resources, having had under consideration SB 3 (first reading copy -- white), respectfully report that SB 3 be amended and as so amended do pass:

1. Page 7, line 23.

Following: "This"

Strike: "form"

Insert: "statement"

2. Page 7, line 24.

Following: line 23

Strike: "shall"

Insert: "must"

3. Page 8, line 2.

Following: "any"

Strike: ", "

Insert: ". "

Strike: "and"

Insert: "Metal producers"

Following: "shall"

Strike: "be delivered"

Insert: "deliver the statement"

4. Page 8, line 4.

Following: "year."

Insert: "Mineral producers, including oil and gas producers, shall deliver the statement to the department on or before the 60th day following the end of the calendar year."

AND AS SO AMENDED DO PASS

Signed: 

Thomas F. Keating, Chairman

Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: The motion on SB 243 CARRIED unanimously.

HEARING ON SB 3

Presentation and Opening Statement by Sponsor:

SEN. JOE MAZUREK, Senate District 23, opened on the bill requested by the Department of Revenue. He said the bill had been reviewed by the Revenue Oversight Committee prior to the session. He said the bill was primarily a housekeeping bill that amended the reporting and filing requirements for metal mine producers from quarterly to annually. This would eliminate the unnecessary paperwork in the form of the 3 advisory returns that had to be filed, since payments were made annually. The bill also extended the filing date from March 1 to March 31 to eliminate headaches for the department and the companies in the form of estimated returns due to timelines in the industry. The bill would change the penalty for late filing from 8% to 10% to make those penalties consistent with other penalties taxpayers have to pay. In the Senate, the bill was amended to clarify that the March 31 deadline in the bill applied only to metal producers, and not to other mineral producers. This clarification was made at the request of the industry.

Testifying Proponents and Who They Represent:

John Fitzpatrick, Pegasus Gold Corporation and the Montana Mining Association

James Mockler, Montana Coal Council

Proponent Testimony:

JOHN FITZPATRICK said the purpose of the bill was to reduce a paper load on the Department of Revenue. He said that by setting the payment date back, the filing of completed returns would be facilitated. He said there would be no fiscal impact and urged the committee's concurrence.

JAMES MOCKLER concurred with the previous proponent and supported the bill.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members:

REP. O'KEEFE asked why the sponsor had not signed the fiscal note. SEN. MAZUREK said he had not signed it because there was no fiscal impact, and also due to the fact that there was some disagreement between the Department of Revenue and the budget office regarding fiscal impact. The budget office had said that the state might lose \$25,000. He repeated that the intent was not to change anything, and therefore no fiscal impact should be expected.

REP. O'KEEFE asked if the bill did give an additional month for the industry to pay the RIT. SEN. MAZUREK said for metal mine producers, it would delay the payment date for 30 days. He said the convenience to the Department of Revenue would outweigh any potential fiscal impact.

Closing by Sponsor: SEN. MAZUREK closed.

DISPOSITION OF SB 3

Motion: REP. SMITH moved the bill BE CONCURRED IN.

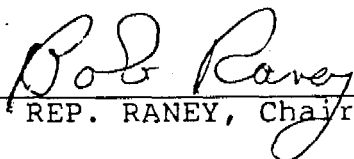
Discussion: None

Amendments, Discussion, and Votes: None

Recommendation and Vote: The motion CARRIED unanimously, with Rep. Brooke agreeing to carry the bill in the House.

ADJOURNMENT

Adjournment At: 5:05 p.m.



REP. RANEY, Chairperson

BR/cm

5012.min

DAILY ROLL CALL

HOUSE NATURAL RESOURCES COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date

3-3-89

NAME	PRESENT	ABSENT	EXCUSED
Rep. Bob Raney, Chairman	✓		
Rep. Ben Cohen, Vice-Chairman	✓		
Rep. Kelly Addy			✓
Rep. Vivian Brooke	✓		
Rep. Hal Harper	✓		
Rep. Mike Kadas	✓		
Rep. Mary McDonough	✓		
Rep. Janet Moore	✓		
Rep. Mark O'Keefe	✓		
Rep. Robert Clark	✓		
Rep. Leo Giacometto	✓		
Rep. Bob Gilbert	✓		
Rep. Tom Hannah	✓		
Rep. Lum Owens	✓		
Rep. Rande Roth	✓		
Rep. Clyde Smith	✓		

VISITORS' REGISTER

Natural Resources COMMITTEEBILL NO. SB 3DATE March 3, 1989SPONSOR Sen. Mazurek

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
John Fitzpatrick	Regulus Gold Holmes	X	
Jim Mockler	MT. Coal Council	✓	
Ken Williams	Entech	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

STANDING COMMITTEE REPORT

March 4, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Natural Resources report
that SENATE BILL 3 (third reading copy -- blue) be concurred
in.

Signed: _____

Bob Raney, Chairman

[REP. BROOKE WILL CARRY THIS BILL ON THE HOUSE FLOOR]